MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "**MOU**") is made and entered into as of October __, 2015, by and among Shanghai Alliance Investment Co. Ltd., a company incorporated under the laws of the People's Republic of China, with a business address at NO. 19, GaoYou Road, Xuhui District, Shanghai, China ("**SAIL**"); Mr. Ehud Barak, holder of Israeli I.D. number [_____] ("**Mr. Barak**") and Professor Benad Goldwasser, holder of Israeli I.D. number [_____] ("**Prof. Goldwasser**" and together with Mr. Barak the "**Founders**"). In this MOU, each of SAIL, the Founders may also be referred to herein as a "**Party**", and collectively as the "**Parties**".

RECITALS

WHEREAS, SAIL is a private equity and venture capital arm of Shanghai Municipal Government and encourages the establishment and development of companies in Shanghai have cutting edge technologies in the healthcare and life science sectors;

WHEREAS, the Founders have far reaching contacts among Israel's business leaders and extensive expertise and experience in Israel's cutting edge healthcare and life science technologies sector;

WHEREAS, SAIL desires to acquire certain rights in technologies from Israeli healthcare and life sciences technology companies which have a developed product (even if such product has not received regulatory approval) or is in the late stage of developing a product (except where SAIL asks for earlier stage companies) ("**Target Companies**") ~~over a three year period which~~ may ~~be extended by mutual consent to a five year period~~;

WHEREAS, SAIL and the Founders desire to establish new portfolio companies (each, a "**Portfolio JV**") which shall acquire each of the Technology Rights; and

WHEREAS, SAIL desires to engage the Founders (through a company, partnership or other entity controlled by them which will be formed prior to executing the Definitive Agreements, "**EBG**") for a three year period which may be extended by mutual consent to a five year period, to assist SAIL identify and evaluate potential Target Companies and their technologies and the Founders (directly or through EBG) desire to be so engaged, all as further described herein.

NOW, THEREFORE, the Parties hereto, intending to become legally bound, do hereby agree as follows:

1. Business Model. The Parties are interested in developing a "copy paste" model whereby SAIL or Portfolio JVs acquire exclusive technology rights ~~in~~ for China **including future developments and improvements** and associated production files and technology transfer from Target Companies ("**Technology Rights**"). The Technology Rights shall apply to China only and Portfolio JVs shall be prohibited from selling products based on the Technology Rights outside of China. In this model, the amounts invested by SAIL shall be used to acquire Technology Rights. In addition, where possible, SAIL may also elect to invest in the Target Companies. **SAIL's prior consent shall be required for every acquisition of Technology Rights**. In addition, the Founders, directly or through EBG, may from time to time assist the SAIL Group's (as defined below) business development activities in Israel including identifying potential business partners and targets for acquisition and/or investment. **SAIL Group** means: (i) SAIL; (ii) SAIL's majority owned (meaning 50% or more ownership interest), direct or indirect subsidiaries, *provided that* with respect to indirectly-owned subsidiaries, they will be viewed as companies within SAIL Group only if (a) SAIL owns, on a consolidated basis, 50% or more ownership interest in such indirectly-owned subsidiaries, and (b) SAIL has direct or indirect voting control of such indirectly-owned subsidiary; (iii) investment funds to be established and controlled ("control" meaning 50% or more voting control of the general partner or management entity of

such fund) by SAIL to implement this MOU or the definitive agreements to be entered into by the parties for the transaction contemplated under this MOU (the "**SAIL Fund**"); (iv) SAIL Fund's majority owned (meaning 50% or more ownership interest), direct or indirect subsidiaries and portfolio investments, *provided that* with respect to indirectly-owned subsidiaries or portfolios, they will be viewed as entities within SAIL Group only if (a) SAIL Fund owns, on a consolidated basis, 50% or more ownership interest in such indirectly-owned subsidiaries or portfolios, and (b) SAIL Fund has direct or indirect voting control of such indirectly-owned subsidiaries or portfolios, as applicable.~~; and (v) any other company in which SAIL Group has a direct and or indirect interest and with respect to which SAIL Group asks EBG to assist.~~ Other situation will be discussed further in the Definitive Agreement.

2. Formation of Portfolio JVs. The SAIL~~ail~~ Group and the Founders shall jointly establish and found the Portfolio JVs. ~~and~~ The Founders' equity interests in each such Portfolio JV shall equal 10% of the direct or indirect equity interest held by SAIL Group in each such Portfolio JV. For the avoidance of doubt, the Founders' equity interest shall ~~at all times~~ entitle them to 10% of any additional direct or indirect ownership interest SAIL Group acquires in each Portfolio Company. S~~s~~o, at all times Founders' interest therein shall equal 10% of SAIL~~ail~~ Group's interest. The Founders shall receive minority protection rights as shall be reasonably determined in the Definitive Agreements. The terms and conditions for the Founders to receive the equity interests and to have ~~relating to the equity interests of the Founders and SAIL Group and the Founders'~~ minority protection rights shall be listed further in the Definitive Agreement. In case that foreign citizens are not allowed to be the individual shareholders in such Portfolio JV, due to the specific regulations or laws in China, then EBG will be entitled to receive the corresponding equity interests.

3. Efforts; Target Companies and Technologies.

3.1. **The Founders shall use their respective skills, experience, contacts and reputations in order to assist SAIL Group's business strategy in Israel. If so requested by SAIL Group, the Founders will: (i) travel to Shanghai to discuss Israeli opportunities and present potential Target Companies; (ii) represent SAIL Group on the boards of directors of its Israeli portfolio companies should SAIL** Group **decide to invest directly in Israeli companies; and (iii) assist SAIL** Group **if so requested in establishing a technology hub in Shanghai based on the acquired Israeli technologies.** [NOTE: to be discussed with EB. EB will not come any times Shanghai and only subject to his schedule. In addition, he will participate in one or two board relating to SAIL and Benad will be in all the rest]

3.2. The Founders through EBG shall be responsible for reviewing the Israeli healthcare and life sciences sector, identifying potential Target Companies and evaluating their technologies. The Definitive Agreements (as defined below) shall set forth a more detailed process for reviewing and evaluating target technologies.

3.3. Procedures and requirements shall be set forth in the Definitive Agreements which shall provide, inter alia, that EBG will conduct preliminary screening of 100 – 150 potential Target Companies per year. EBG will present 25 – 40 potential Target Companies per year to a joint committee with representatives from SAIL Group and EBG. SAIL Group's committee members will decide which potential Target Companies to focus on and EBG will conduct detailed DD on those potential Target Companies. After such DD, EBG will provide a report to the Committee with its recommendations and SAIL Group's representatives will decide to to which potential Target Compan~~y~~ies a proposal will be made ~~to~~. SAIL Group's investment committee will have final investment decision. EBG will endeavor to space the presentation of potential Target Companies to the joint committee as evenly as possible over the course of the Term.

3.4. Subject to availability from potential Target Companies and SAIL's execution of an NDA with the applicable potential Target Company, EBG will provide certain documents and materials regarding the

recommended projects including technology and products analysis, financial statements, summary of market, etc., all as shall be set out in the Definitive Agreement.

3.5. Mr. Barak shall act as ~~Chairperson~~ Chairman of EBG and will dedicate significant time to its activities as ~~commensurate with his role~~ as ~~Chairperson~~ Chairman during the Term.

3.6. Prof. Goldwasser shall act as EBG's CEO and shall dedicate a majority of his business time to the activities of EBG during the Term. The other responsibilities of Prof. Goldwasser will be listed as the Exhibit to the Definitive Agreement.

3.7. If, during the Term, either of Mr. Barak or Prof. Goldwasser ~~is~~ will not be ~~un~~able to dedicate to EBG the time commitment specified in Sections 3.5 or 3.6, as applicable, then SAIL may, upon six months advance written notice, bring about the end of the Term (as defined below). For the avoidance of doubt, it is hereby clarified that such termination will only affect future activities and EBG shall retain all of its rights in connection with companies screened prior to the effective date of such termination.

3.8. EBG shall promptly disclose any conflict of interest including any interest it has (not arising under the Definitive Agreement) in any potential Target Company. For the purposes hereof, such interest will include any interest of Mr. Barak, Prof. Goldwasser and EBG's officers, directors and employees.

4. Consideration. In consideration for its services, EBG shall be entitled to the following:

4.1. For an initial period of three (or five) years (the "**Term**"), an annual fee equal to an **annual budget** to be agreed by the Parties. Initially, the annual budget shall be US$2,500,000 as set forth in **Exhibit 4.1** and any subsequent change to the budget amount shall require the agreement of all Parties. The Parties will review the annual budget once per year to determine whether it needs to be increased to meet SAIL Group's needs. EBG shall bear the cost of their day-to-day operations hereunder including compensation of employees and rental of offices. EBG shall bear the cost of identifying, investigating and evaluating Target Companies and travel to Shanghai by Mr. Barak, Prof. Goldwasser and others (up to a number of trips per year which shall be agreed in the Definitive Agreements) in accordance with Section 3.1.

4.2. If, during the Term, SAIL Group, invests in companies introduced by Mr. Barak or Prof. Goldwasser (or EBG) and if such investment is closed with assistance from Mr. Barak or Prof. Goldwasser (or EBG), then EBG shall be entitled to a call option exercisable until an exit of such company and at cost to purchase up to 5% of the shares held by SAIL Group directly or indirectly in such company; provided that, if an exit event shall be consummated within twenty four (24) months of such investment by SAIL Group, then such call option shall be deemed to be exercisable for 6% of the shares held by SAIL Group directly or indirectly in such company. The specific conditions and procedures of EBG's exercise of Options will be listed as the Exhibit of the Definitive Agreements.

4.3. If, during the Term, SAIL Group acquires a company (or its technology) introduced by Mr. Barak or Prof. Goldwasser (or by an entity controlled by them), directly or indirectly, and if such acquisition is closed with assistance from Mr. Barak or Prof. Goldwasser (or EBG), then EBG shall be entitled to a payment as set forth in **Exhibit 4.3**.

4.4. If, during the Term, SAIL Group enters into any agreement not covered by Sections 4.2 or 4.3 with a company introduced by Mr. Barak or Prof. Goldwasser (or by an entity controlled by them) and if such agreement is concluded with assistance from Mr. Barak or Prof. Goldwasser (or by an entity controlled by them), then the Founders and/or an entity controlled by them will be entitled to certain proceeds which will be discussed and **determined case by case** [Note: this is basically gives them the right to decide].

4.5. In case that EBG is not able to possess the rights described in Sections 2 or 4.2 through the entrustment or commitment of SAIL, due to the specific regulations of SOE (state-owned enterprise) or requirements of capital operation, SAIL will work with EBG to find a solution for EBG's direct holding of certain equity interest in such Companies and to ensure that the economic benefits EBG is entitled to under this MOU are preserved.

4.6. The right to payment of consideration under Sections 4.2 to 4.4 and EBG's rights under Section 2 in connection with Technology Rights acquired during the Term shall survive the expiration of the Term.

5. Confidential Information. Any information of confidential or proprietary nature (including information pertaining to prospects) exchanged between the Parties shall be maintained in confidence by the recipient of such information, shall not be disclosed to any other parties without specific permission of the disclosing party and may not be used by the recipient of such information, except for the purpose of performing its obligations hereunder.

6. Non-Binding MOU. Except for Sections 3.8 (Conflict of Interest), 4.2 to 4.6 (Consideration), 5 (Confidential Information), 7 (Exclusivity), 8 (Miscellaneous) and this Section 6 which are binding on the Parties, this MOU is non-binding and reflects the Parties' present intent. Accordingly, the Parties agree to negotiate binding agreements ("**Definitive Agreements**") based on the principles of this MOU, in good faith and with reliance on principle of equality, and to exercise their best efforts to enter into the Definitive Agreements within sixty (60) of the date hereof or as soon thereafter as practicable. The structures and mechanisms described in this MOU may be modified in the Definitive Agreements to reflect tax and legal advice received by the Parties provided that the underlying economics remain the same in all material respects.

7. Exclusivity.

7.1. EBG shall be SAIL Group's exclusive representative in Israel in the healthcare, life science, medical device and pharmaceuticals sectors during the Term provided, however, that such exclusivity shall not apply to the Israeli Company's listed in Exhibit to the Definitive Agreement (the "**Excluded Companies**"). Notwithstanding the foregoing, in the event than an Israeli company in the healthcare, life science, medical device and pharmaceuticals sectors contacts SAIL directly and expresses its desire to work with SAIL not via EBG, then such exclusivity shall not apply to such companies provided, however, that EBG shall be entitled to all of the consideration set forth in this MOU in connection with any transactions set forth with any such company.

7.2. **SAIL shall be EBG's exclusive Chinese partner in the healthcare, life science, medical device and pharmaceutical sectors during the Term provided in China, and EBG (including Founders) shall not solicit or accept any engagement by any third party in China to conduct transactions** in those specific fields, **similar to the transactions contemplated hereunder during the Term.** [Note: to be checked with EB]

8. Miscellaneous.

8.1. **Governing Law. This MOU and the Definitive Agreements shall be governed by and construed in accordance with the laws of People's Republic of China without regard to principles of conflicts of law**.[Note: very problematic in any case we will need to litigate]

8.2. Arbitration. Any dispute arising from or in connection with this MOU or the Definitive Agreements shall be submitted to the China International Economic and Trade Arbitration Commission (CIETAC) for arbitration before a single arbitrator which shall be conducted in accordance with the

CIETAC's arbitration rules in effect at the time of applying for arbitration. The arbitral award is final and binding upon both parties. The arbitration shall be conducted in Beijing and in both English and Chinese.

8.3. Signature by Fax, Counterparts. This MOU may be signed by fax and in one or more counterparts which together will constitute the same document.

8.4. No Implied Waivers. No lapses or failure to exercise any right under this MOU shall be deemed as a waiver or as supporting a claim of estoppel against such Party.

8.5. Section Headings; Preamble. All article and section headings are inserted for convenience only and shall not modify or affect the construction or interpretation of any provision of this MOU. The preamble to this MOU is incorporated herein and forms an integral part of this MOU.

8.6. Assignment. No Party may assign its rights and obligations under this MOU without the consent of the other Parties provided, however, that the Founders shall be entitled to assign all of their rights and obligations hereunder to EBG and SAIL shall be entitled to assign its rights and obligations hereunder to its subsidiaries and to a fund controlled by SAIL.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the date first above written.

SHANGHAI ALLIANCE INVESTMENT CO. LTD.	EHUD BARAK
By:	
Title:	
Chop:	
	PROFESSOR BENAD GOLDWASSER

Exhibit 4.1

Budget_EBG_v3.xlsx

Exhibit 4.3

M&A Compensation

Total Value of M&A Transaction (in millions USD)	Percentage EBG Compensation
Up to 100	2%
100-200	1.5%
More than 200	1%

Total Value of M&A Transaction means for each M&A Transaction, whether it is contemplated to be consummated in one or more tranches.

Compensation to EBG is to be cumulative. For example, if an M&A Transaction has a total value of $250M, EBG shall be compensated, 2% on the first $100M, 1.5% on the next $100M and 1% on the remaining $50M. [Note: I think those are lower than a simple investment banker commissions]